BUSINESS SYSTEMS MODERNIZATION

Information…DLA's Strategic Enabler for the 21st Century

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Operational Environment

Total Active Duty troops from 2.1M to under 1.4M

- Size… most recognizable change in the military since the fall of the Berlin Wall
  - Fewer troops…fewer weapons…fewer bases

Overseas posture: From 325K in 12 countries to 100K in 36 countries

- But…doing more, in more places
  - More expeditionary
  - Military as a tool to prevent future conflicts

Defense went from 23% of Federal Budget to 15%

- Defense budget $300 B in 1989--$270 B in 1999
- Down in Numbers…Up in Technology

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Logistics Environment

Business Environment

Evolution

Functional View

Service Isolation

Wholly owned and run

Product View

Joint via DLA Products and Processes

Limited Partnerships

Supply Chain View

Joint via CINC Role

Leverage Industry ... moving to Integrator role

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Transforming DLA Logistics

The Revolution is "underway"

Industry | Plans | Transportation | Supply | Maintenance

- Acquisition Reform
- OSD Sec 912/347/816
  - Product Support/Supply Initiatives/Pilot Programs
- Quadrennial Defense Review
- DoD & Total Ownership Costs
- GCSS/IT Systems
- Management Reform Memorandums
- Defense Reform Initiatives
- Focused Logistics Wargame
- DLA 21
  - Business Systems Modernization
  - Strategic Sourcing
  - Organizational Redesign
  - Acquisition Reform
  - Workforce Development
- Weapons Systems Life Cycle Support
  - Lead Center (ICP) Concept
  - Reducing Total Ownership Costs/Sec 912
- Focused Logistics Wargame Initiatives
  - Integrated Data Environment
  - Strategic Positioning Capability
  - Contractors on the Battlefield
- Activity Based Costing

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Business Systems Modernization Vision

Traditional

- Functional Requirements
- Manager of “Supplies”
- Mobilize “via Inventory”
- Instantaneous Buys
- Stove-piped Systems
- “Build” Software

Re-Engineered

- Outcome Oriented
- Manager of “Suppliers”
- Supply Chain Focus
- Mobilize “via Industry”
- Long-term Partnerships
- Open Architecture
- “Buy/Assemble” Software

Agile Infrastructure

“The adoption, within the DoD, of the best practices of the commercial market place, resulting in continuously improving logistics operations, cost savings/avoidance, and process cycle reductions.”

The BSM Vision

DLA’s mission-critical legacy systems are replaced with a new enterprise computing environment based on commercial-off-the-shelf

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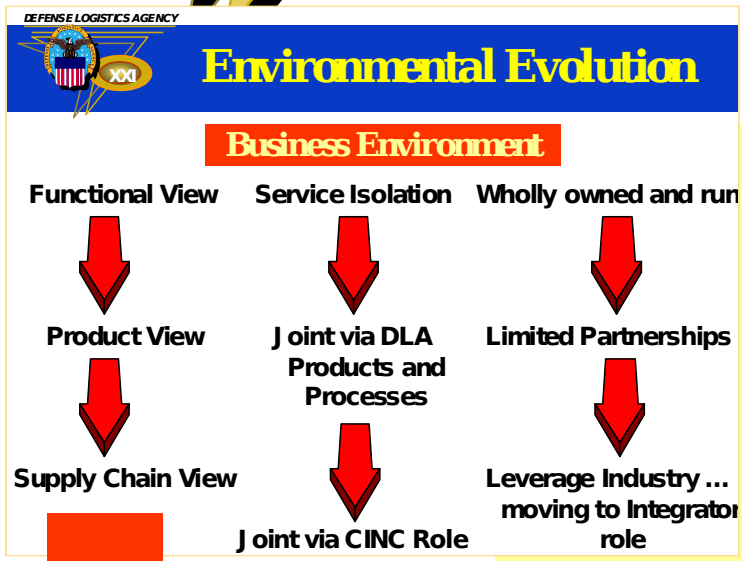
Environmental Evolutio



Information Needs

- Advance Planning
- Interoperational Capabilities
- Situational Awareness
- Open Business Operations
- Performance Assessment

Drivers

What We Have

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"World Class"

"Transaction Environment"

- Operational, Technical, System Architecture
- Set Standards/Rules (DLMSO)
  - ...Functional Definitions
- Central Operations (DAASC)
  - ...Infrastructure

1964 Consortium

Supports traditional business operations & move to PV and EC/EDI

What is Missing

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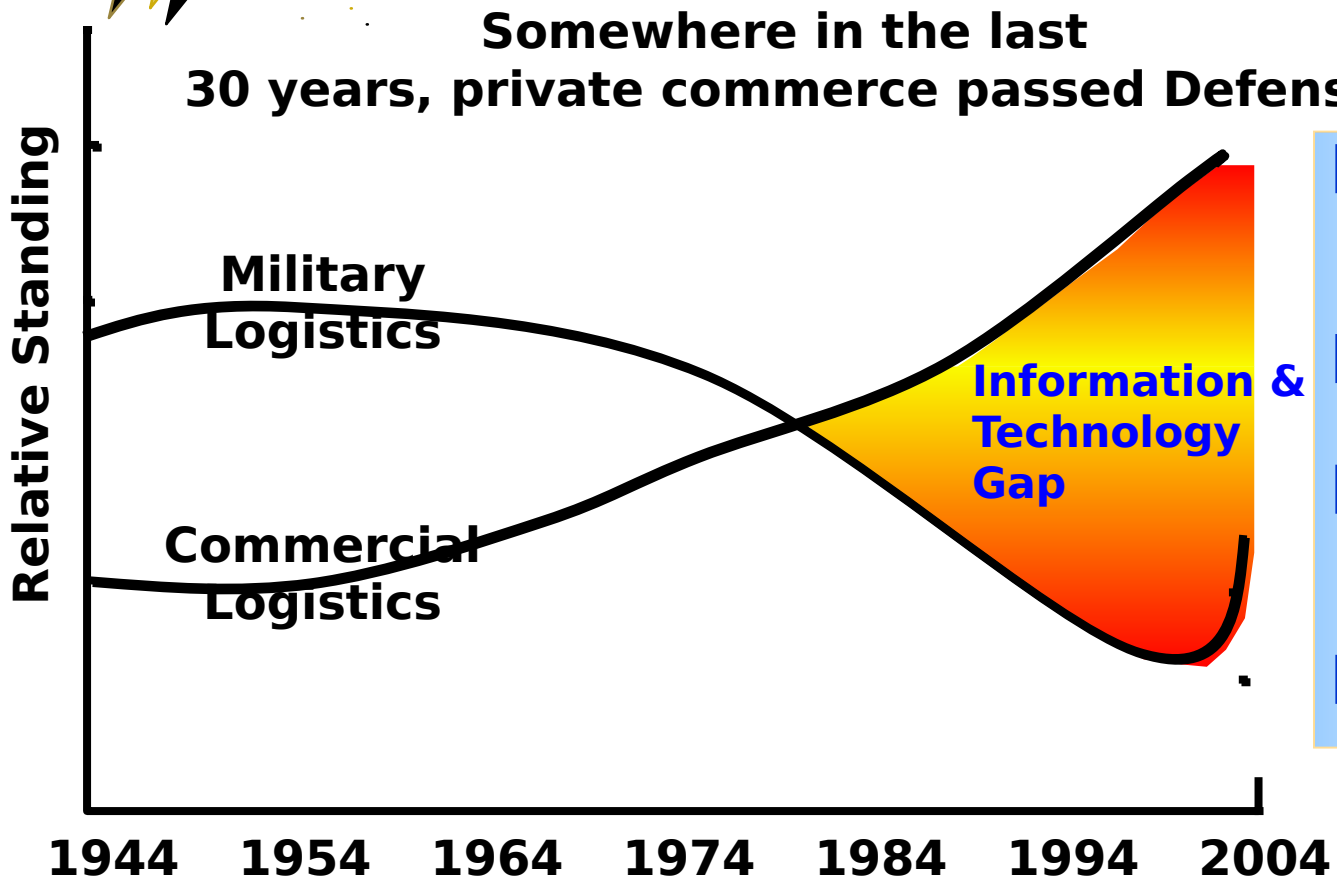
Compelling Truth



- DoD got too comfortable with MILS
- Private Sector Competition
- DoD "One Size Fits All" Effort
- Culture

What We Need

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"Knowledge Environment"

- Operational Architecture???
  - Data Standards? - Roles?
  - Technical Standards only (JTA)
- No Central Data Exchange Process

Commercial Market Already Down the Road

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Business Systems Modernization

- It's not about Information Technology
  - ...it's about how we do business
  - ...it's about making informed decisions
  - ...it's about buying an environment
- Changing our culture will be difficult...
  - High Risk
  - High Complexity
  - Requires Corporate Commitment

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My View of the Acquisition

Business Attributes	**Life Cycle Attributes**
Implementation Attributes	**Consortium Attributes**

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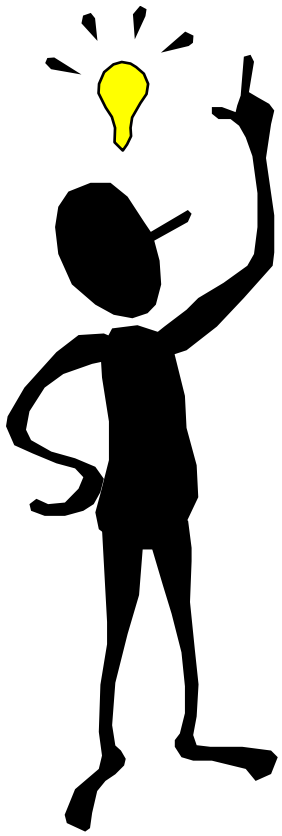
How To Make BSM A Winner!

- Stay Teamed…define what we want… and
  Don’t save the hard part for D-day
- Do what we can now to prepare…
- We Have Windows Of Opportunity
  - Order Fulfillment Process
  - Single Record Environment
- Learning To Build The Environment
  Separate The What (Operational)
  From The How



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What I Want to Leave with You

My Job -

- Communicate the DLA vision

- Remove roadblocks and barriers

Your job - As Leaders and Managers

- Be culture change champions

- Participate proactively in BSM efforts

-Lead the charge

- Communicate the BSM vision, goals and milestones

- Answer employees questions

Employees' Job

- Be flexible